

Herald subscribers who fail to receive their paper by 6:30 p. m. are requested to call the Herald business office, phone 1000, and a paper will be sent by special carrier.

FORECAST: Unsettled, cool; OREGON: Rain west, snow east. TEMP: High 30, low 23—PRECIP: 48 hours to 5 p. m. Monday .02; season, 5.06; normal, 4.91; last year to date, 5.31

NEW DEAL CALLS FARM CHIEFS

Snowstorm Brings Hazards on Main Highways

Editorials

On the Day's News

By FRANK JENKINS

BOILED DOWN to essentials, the supreme court's AAA decision means this:

1.—Congress, under the constitution, has no power to authorize the government to regulate the crops any man can raise on his farm.

2.—Congress has no right, under the constitution, to tax one body of citizens in order to pay another body of citizens to limit their production for the purpose of reducing the supply and raising the price.

ON THIS proposition, the nine justices of the supreme court divided six to three. It is probable that throughout the country there is similar division of opinion regarding AAA—although not necessarily in the same proportion.

AAA has been a highly controversial subject.

AMONG those who will disagree with the majority members of the supreme court will be many (although not all) of the producers of cotton, corn, hogs, wheat, peanuts and rice, which were chief among the crops receiving AAA benefits.

You can hardly blame ANYONE who is being paid NOT to take risks and NOT to grow crops for wanting to continue that pleasant situation.

Human nature is human nature.

BUT MANY farmers, even including those receiving AAA benefit payments, have been shrewd enough to see that under AAA American agriculture was headed for a headache.

Here is what we have been doing: We have been hiring American farmers NOT to produce, thus raising the level of American farm prices above the world level and making it possible for farmers in other countries to sell profitably in the American market.

In other words, foreigners have been selling to us what we have been hiring our own farmers not to grow. American consumers, in effect, have been taxed to provide a good market at profitable prices for FOREIGN PRODUCERS.

A situation such as that can't continue indefinitely.

TO THOSE who believe as this writer does—that is, that you can't monkey with the law of supply and demand without getting into trouble sooner or later—it is a fair conclusion that by stopping AAA now, before it has had time to disturb still further the normal channels of world trade, the supreme court decision may have the effect of PREVENTING the headache that was otherwise inevitable.

IN REALITY, AAA, NRA, and all the others of their kind, are only minor side issues. The real issue is this:

Shall we go on with the typically American institutions that were built up and have flourished under the form of government created by the constitution of the United States, or shall we THROW OVERBOARD the constitutional limitations under which we have operated in the past—so successfully as to have become the world's MOST ENVIED NATION—and strike out into waters that for us will be new, although they have been sailed for centuries by the peoples of the older world?

That is the big issue that will be before the American people in this political campaign of 1936, and as the days go by it will loom larger and larger.

It is an issue that means life or death for the America of the past.

SHARP BLAST SWEEPS OVER HIGH COUNTRY

Storm Reported General From Mt. Shasta to Eugene.

ROAD EQUIPMENT GOES INTO ACTION

City Streets Made Dangerous by Packed Flakes.

The heaviest snowstorm of the winter broke over the south central Oregon section Tuesday morning, and continued almost without interruption through the day.

STORM AT PARK

Another snow storm was in progress at Crater lake Tuesday, and further snow Tuesday kept the roads in the national park closed. Additional parts for the equipment were expected at Fort Klamath Tuesday afternoon. It was not expected the roads would be open for three days, but it was hoped winter sports travel into the park next week-end would not be hampered.

It has been snowing almost unceasingly in the park since New Year's day. The park broadcasting system broke down because of power failure for a few days, but the short wave set was working again Tuesday morning.

day making travel hazardous on all major highways.

Streets of Klamath Falls are slippery and automobiles without chains are having difficulty in making even slight grades.

Visibility at Zero

The telephone office of the Southern Pacific reported the storm was general from Mt. Shasta to Eugene.

So rapidly was the snow falling at various times Tuesday that visibility was almost zero. County, city and state road equipment went into action early in the day and continued efforts were necessary to keep traffic lanes open.

Both local and state weathermen predict slightly unsettled weather with almost zero temperature in the eastern portion of the state.

Occasional rain is in prospect in the west, and continued snow (Continued on Page Three)

COURT CAST UPON TOWNSEND PENSION

WASHINGTON, Jan. 7. (AP)—Senator Carey (R-Wyo.) said today the supreme court decision invalidating AAA confirmed his opinion that the Townsend pension plan was unconstitutional.

"Under the Townsend plan," Carey said in a formal statement, "it is proposed that a transactions or sales tax be levied on all the people, the proceeds of which are to be used to pay pensions (\$200 a month) to those who have reached 65 years of age."

"That it is not constitutional to tax one class of people for the benefit of another is clearly set forth by the court in the following language:

"A tax, the general understanding of the term, and as used in the constitution, signifies an exaction for the support of the government. The word has never been thought to connote the expropriation of money from one group for the benefit of another."

Washington, Jan. 7. (AP)—Maybe the 6,500 AAA workers are worried because their pay has stopped. But they did not show it today.

"Something will be done," they felt, to save their jobs.

Italy's Press Assails F. R.

NEUTRALITY PROGRAM VIGOROUSLY ATTACKED; ENGLISH SHIPS MOVING

By The Associated Press. Attacks on the United States' neutrality program proposed by President Roosevelt occurred in Italy's fascist press today, apparently with the full prior knowledge of Premier Mussolini's regime.

As the American congress studied the president's and other proposals to keep this nation's skirts clear of war, two more major newspapers of Italy's government-supervised press, Mussolini's own Popolo D' Italia of Milan and Il Popolo Di Roma, criticized Roosevelt's policies.

Two other organs have launched similar campaigns, the Giornale D' Italia and La Tribuna. Il Popolo Di Roma said the president's stand was due to "necessity" (Continued on Page Three)

RAILROAD PENSION PLAN THREATENED

Big Companies Combine to File Suit Against New Deal Program.

WASHINGTON, Jan. 7. (AP)—Constitutionality of another new deal measure—the 1935 rail pension law—was challenged today in a joint suit filed in District of Columbia supreme court by 135 of the nation's railroads.

The railroads asked a permanent injunction against operation of laws imposing taxes on railroad employees for a pension fund and setting up a retirement system for employees at 65 years of age.

Joining with the railroads were the Pullman company, the (Continued on Page Three)

PLACE OF BRUNO'S HEARING NOT SET

TRENTON, N. J., Jan. 7. (AP)—State prison officials, unimpressed by the fact the court of pardons meets Saturday to consider Bruno Richard Hauptmann's plea for clemency in his conviction for the Lindbergh baby slaying, went ahead today with plans for his execution late next week.

TRENTON, N. J., Jan. 7. (AP)—Members of the New Jersey court of pardons today awaited the decision of Governor Harold G. Hoffman on the place the state is to meet to consider the clemency plea of Bruno Richard Hauptmann.

The court is to convene Saturday at 10:30 a. m. The scene of the session is to be selected by the governor. From his choice the members will get an indication on whether the condemned is to be heard personally.

If the court meets at the state prison, where Hauptmann occupies a death house cell, it will mean, pardons court members believe, that Hauptmann will be asked to appear before it.

But if the mercy plea is heard at the state house, it is unlikely that Hauptmann would be heard.

VREKA MURDERER DENIED APPEAL

FOLSOM PRISON, Calif., Jan. 7. (AP)—George Hall who has been in a cell in the death row of Folsom prison almost three years, will be told today by Warden Court Smith that the United States supreme court denied his appeal yesterday from a decision of the California supreme court refusing him a writ of habeas corpus.

Hall, alias George Manning, was convicted in Siskiyou county of having shot and killed state highway patrolman Stephen Kent and Lester Quigley at Yreka.

SENATE HEARS MORGAN TELL OF WAR LOANS

Great Banking House Declares Action Taken With Consent.

MUNITIONS PROBE UNDERWAY AGAIN

Senator Charges Violation of Wilson's Neutrality.

WASHINGTON, Jan. 7. (AP)—J. P. Morgan told senate munitions investigators today that his great banking house, "turned loose" with loans to the Allies in 1915 as soon as President Wilson consented to it.

Although contending German acts and not international finance pushed this country into the World War, he said, his firm's sentiment from the beginning was with the Allies.

Neutrality Violation Charged. Senator Vandenberg (R-Mich.), member of the senate committee questioning the famous financier, charged at one point that the early Morgan friendliness to the Allies had violated President Wilson's neutrality policy.

After hearing testimony that the Morgan company made no allied loans while the state department opposed such a step, Senator Clark (D-Mo) asked: "When the government changed its policy, you changed yours?"

"When the government turned itself loose, we turned ourselves loose," chuckled Morgan, puffing away at a huge pipe.

Big Crowd Listens. A capacity throng listened intently as Morgan, two of his partners, George Whitney and Thomas W. Lamont, and Frank Vanderlip, wartime president of the National City Bank, were questioned in a group. Committee members shot questions alternately at each.

"The neutrality question was up to the government," Morgan (Continued on Page Three)

NOTE BY FRIDAY SOUGHT FOR BONUS

WASHINGTON, Jan. 7. (AP)—The house ways and means committee agreed today to eliminate from the cash bonus bill backed by veterans' organizations, a provision for refunding interest paid on loans on adjusted service certificates.

WASHINGTON, Jan. 7. (AP)—A house vote by Friday on the cash bonus issue was sought by Chairman Doughton (D., N. C.) of the ways and means committee.

He told reporters he planned to ask leaders for a procedure which would complete debate and amendments Thursday and obtain a vote "not later than Friday."

Doughton received unanimous consent from the house to file by midnight a report on the bill backed by veterans' organizations. His committee approved the measure yesterday.

Full Enforcement of Potato Control Act Doubtful

WASHINGTON, Jan. 7. (AP)—AAA officials today said they believed the potato act of 1935 was not affected by the supreme court's invalidation of the act of justice act, but openly doubted that full enforcement of the control measure now could be obtained.

The officials said in a recent opinion, Comptroller General J. R. McCarl held the potato law was not an amendment to the adjustment act although it was passed by congress in that form.

Only a small, and insufficient, amount of money was said to be available for the enforcement of the potato law which fixes a tax of 0.75 of a cent a pound on all potatoes sold in excess of

CONFERENCE WILL OPEN ON FRIDAY; MACHINERY OF AAA AT STANDSTILL

President Will Seek Appropriation to Pay Farmers for Performance Up to End of Agricultural Program

WASHINGTON, Jan. 7. (AP)—After assuring newsmen an appropriation will be sought to pay farmers for contract performance up to AAA's death, President Roosevelt declined all other comment today on the supreme court decision.

Farm leaders were summoned by the new deal to confer on shaping a program to replace the smashed AAA.

All Machinery Shuts Down. Secretary Wallace issued the call for January 10 and 11 after the ponderous AAA field machinery was brought to a full stop by the 6 to 3 supreme court decision which demolished the AAA.

Wallace's brief announcement, first normal comment on the supreme court's decision: "Leaders of farm organizations, and other agricultural spokesmen from different parts of the country were invited to Washington by Secretary Wallace today to discuss plans for agriculture in the light of the supreme court's decision in the Hoosac Mills case."

"The conference was announced today following consultation by Secretary Wallace and Administrator Chester C. Davis with executives of national farm organizations."

Farmers to Send Delegates. "About seventy thus far have been invited."

Already a farm meeting had been planned for next week.

Sponsors of the meeting said 3,000,000 farmers will be represented by leaders of the American Farm Bureau Federation, the National Grange, the National Cooperative Council, the Farmers' National Grain Corporation and the American Editors Association, coming to meet at the national agricultural conference.

With the capital in confusion, orders from the AAA to its field offices to stop all activities cemented moves taken yesterday to halt benefit payments and tax collections. This meant an abrupt stop to the cash flow which has paid farmers \$1,127,000,000. The big AAA payroll was cut off.

All Plans Considered. Chester H. Gray, legislative representative of the American Farm Bureau federation, said the national agricultural conference would "discuss every plan that is presented, including the McNary three-way optional proposal—the export debenture, equalization fee and domestic allotment plan."

Representative Bankhead (D—Continued on Page Three)

ACTION DEFERRED ON HEALTH PLANS

Members of the county court have deferred until their return from Portland next week-end, any action on the proposals for important changes in the county health program.

Judge Grizzle and Commissioners Taber and Chase are going to the metropolis for a meeting of the county judges' and commissioners' organization January 9 and 10. While in Portland they will discuss health programs with officials of other counties.

"We will bring this matter to a conclusion immediately upon our return," said Judge Grizzle.

Dr. Frederick D. Stricker, state health officer, left Tuesday after spending several days here working on a new, unified public health program for Klamath county, including assistance from the United States public health service. This plan embodies organization of a county health board and selection of a public health director to have full charge of the comprehensive program in city and county.

Garbo Reported Ill in London

LONDON, Jan. 7. (AP)—An Exchange Telegraph dispatch from Stockholm said today that Greta Garbo, who had been staying at a villa near Nyroping, was reported ill for the past six weeks with a serious throat infection.

FARMERS SEE HOG MARKET HIT RECORD

Stock Market Ends on Upward Trend; Wheat in Recovery.

CHICAGO, Jan. 7. (AP)—Hog farmers, stripped of the production control and benefit payment program by the supreme court's invalidation of the AAA, today witnessed one of the most spectacular market price rises with the memory of veteran livestock men.

Conservation Rules Market. The big Chicago market was completely disrupted. Trading for a time was virtually at a standstill. Some commission agents, representing producers, demanded that the full \$2.25 per hundredweight processing tax voided by the court be added to the market price.

In the confusion a few sales were put through at 50 to 70 cents higher than Monday. The early top gained to \$10.25, representing a gain of 70 cents per hundredweight since the court's decision.

Conservatives Go Out. Conservative buyers were out of the market. With asking prices all out of line, most big packers who had moderate hog supplies direct, decided to ride out the spurt in sellers' demands and await a return to normal supply and demand status.

Other livestock markets reflected the sharp advance. The upturn at St. Paul was mostly \$1 with instances as much as \$1.25 up.

STOCK MARKET UP. Prices ended on an upward slant in the stock market today.

The market successfully overcame a period of active irregularity in early dealings. Rallies, utilities, foods and a number of industrials were in active demand at advances of fractions to points. The close was firm. Transfers approximated 3,000,000 shares.

Shares of companies selling to farmers were an exception to the trend, as traders feared a diminution of rural purchasing (Continued on Page Three)

FIRE, EXPLOSION OCCUR AT TACOMA

TACOMA, Wash., Jan. 7. (AP)—Starting with an explosion that blew the entire top off the building, fire today completely destroyed the Waterside Milling company plant of the Balfour Guthrie company.

The plant was located on the west side of the city waterway directly below the ruins of the old Tacoma hotel. The officials of the company were unable to ascribe any cause for the explosion.

A few workers were in the building but all escaped without injury.

All available fire apparatus and fire boats answered a general alarm. Damage could not be estimated.

Congressman Found Guilty at Capital

WASHINGTON, Jan. 7. (AP)—Representative Zionscheck (D., Wash.), today was convicted by Judge Walter J. Casey of District of Columbia police court, of drunk and disorderly conduct, grunting out of a New Year's celebration.

Zionscheck remained at liberty on a \$15 bail after motion for a new trial was denied. He gave notice of an appeal.

MAYOR'S VETO OF FRANCHISE MEETS DEFEAT

Council Votes Unanimously to Override Mahoney Monday.

GOELLER, VAN CAMP ISSUE STATEMENTS

Campaign Promises Cited By City Executive in Discussing Affair.

By MALCOLM EPLEY. Mayor Willis Mahoney's veto of the telephone company franchise lay defeated Tuesday, and members of the city council, who tramped it under unanimous vote, made statements explaining their action. At the same time, Mayor Mahoney issued a statement citing his three major campaign promises of 1934, which implied a pledge to veto a telephone franchise unless relief from high rates was granted.

All Five Stand Pat. The council's vote to override the veto came at the climax of the Monday night meeting. Only four of five votes was needed to overthrow the veto, but all five stood pat, voting for the franchise as they did when it originally came before them.

Councilman J. E. Van Camp issued the following statement on Tuesday:

"I feel that I owe it to the people of this city to declare my reason for the stand I have taken in the franchise controversy Monday night when I voted to override the veto."

"I am outlining below definite reasons why I felt that the ordinance should be passed:

"1. The state of Oregon has a regulatory body organized to handle utility rate matters; namely the Public Utility Commissioner's office."

"2. The present rate case—namely the state utilities commissioner vs. The Pacific Tel. & Tel. Company to all intents and purposes is being properly handled in a competent and orderly manner. The case is to be resumed Jan. 6, 1936 in the circuit court of Multnomah county."

"3. The city of Klamath Falls is represented in this case along with other Oregon cities and will share in any benefit that may accrue. Any benefit will be only active to October 11, 1934, the date of the original order."

"4. Insofar as the proposed franchise does not embody the question of rates in any form, it cannot definitely hamper any further proceedings that the city or state may care to bring forth in the way of rate regulations."

"5. Insofar as the proposed franchise has no bearing on rates any prolonged delay will only result in further useless expense to the city and the company."

"6. The telephone company has given additional concessions at the city's request contingent upon the granting of the franchise."

"7. The Pacific Tel. & Tel. Co. has granted to the city of Klamath Falls free telephone service including fire and police equipment amounting to approximately \$300 per year or \$10,800 during the life of this franchise."

Goeller's Views Heard. Councilman Harry Goeller, stating he wished to express his views of the franchise to the people, said:

"In the first place, the telephone company is going to operate in Klamath Falls, regardless of franchise."

"It is paying the city \$900 a year free telephone service, amounting to \$10,800 for the 12-year period, and more telephones will be added if the city needs them."

"I consider this a very good deal for the city."

"Regarding the telephone company's lot at Eight hand Pine streets, the company paid \$44,000 for this, and it is now carried on its books at \$22,000. The lot was appraised for that amount by the board of appraisers of our local real estate men."

"The rate case now in court, is due to come up this month. If the telephone company loses, every telephone user will be rebated the difference and name will date back to October, 1934."

These statements embody, in general, remarks made by councilmen (Continued on Page Three)